

Renewable Energy Options Strategies for Improving Appeal

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Our renewable energy programs

- PacifiCorp operates as Pacific Power in Oregon, Washington, California and Wyoming and as Utah Power in Utah and Idaho
- PacifiCorp provides customers three renewable energy options
- Offering these options allows our customers to buy any number of blocks and support new wind generation or directly link their actual total usage to a blend of renewable energy
 1. Fixed Renewable – our Blue SkySM option
 - ▶ Habitat
 - ▶ Renewable Usage





Our renewable energy programs

1. **Blue Sky** provides Oregon, Washington, Idaho, Wyoming and Utah customers
 - ▶ the flexibility to purchase fixed increments (100 kilowatt-hour blocks) of new wind energy for an additional \$1.95 per block per month and help grow the market for wind power.
 2. **Renewable Usage** provides Oregon residential & small non-residential customers
 - ▶ a mixed renewable energy option that matches a customer's actual usage for an additional \$0.0078 more per kilowatt-hour (kwh).
 3. **Habitat** also available to Oregon residential & small non-residential customers offers the same benefits as Renewable Usage, plus support for salmon habitat restoration projects.
 - ▶ customers pay an additional \$0.0078 per kwh plus a \$2.50 flat monthly donation to the nonprofit Pacific Salmon Watershed Fund to help restore native fish habitat.
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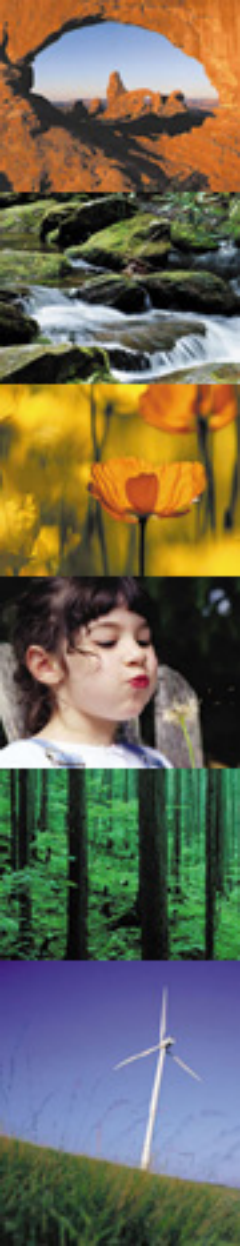
Program participation

- Today, nearly 23,000 customers participate in one of our voluntary renewable energy programs.
 - ▶ Blue Sky – 11,406
 - ▶ Renewable Usage – 9,239
 - ▶ Habitat – 2,168
- Since introducing the Renewable Usage option it's become the most popular offering in Oregon – demonstrating that customers interested in renewable energy highly value a 100% renewable option



Renewable sales & penetration rates

- Currently our renewable energy customers are supporting an additional 10,741,148 kwh of renewable energy each month.
- Three percent of our Oregon customer base now participate in a renewable energy option
- Nearly two percent of our customer's now subscribe to a renewable energy option
- Three percent of our all of our renewable energy customers are businesses - and make up 12 percent of the renewable energy sales
- Businesses make up nearly 3% of our Blue Sky customers and account for over 25% of wind energy sales



Increased participation

Over the past 12 months:

- Enrollments have increased by **44 percent**
- **Renewable energy purchases** made by our participating customers have nearly **doubled** and are in addition to the Company's renewable energy investments
- However, the impact on the business community was the most significant where the Blue Sky program **achieved a 84 percent increase in businesses enrolled and a 72 percent increase in renewable energy purchased.**



Customer feedback

- Market research conducted to help us learn more about motivations for participation, barriers to participation and the relative importance of various renewable energy product attributes among both participants and non-participants told us that --
 - ▶ Program participants place the highest value on 100% renewable – in other words, the proportion of renewable energy supplied by renewables and the second highest importance on the source of the renewable energy.
 - ▶ Participants would purchase more blocks of Blue Sky if the price was decreased and would be more likely to stay enrolled
 - ▶ Participants also indicated that the size of the renewable energy premium generally determines how much renewable energy can be supported



Customer feedback

- Customers favor premium products that are competitively priced
 - ▶ Non-participants voiced that they place the highest importance on price followed by the proportion of renewable energy provided through a particular product
 - ▶ Non-participants tell us that a reduction in price is just one way we could encourage them to participate
 - ▶ Providing more information about the program and the associated benefits is also important to the non-participant group



Learnings

- Price is a dominant feature
- Price can be a barrier to participating in an optional renewable energy program
- Price does matter – especially to the non-participating segment - but benefits and other factors play a role in influencing participation too
- Early adopters have largely already enrolled
- Higher premiums for renewable energy programs could mean that only a small potential market is being reached and targeted*

**American Demographics*





Blue Sky price drops

- For the second time in three-plus years the price of our Blue Sky product was lowered – reducing it from \$2.95 per 100 kwh block to \$1.95 per block, or a rate of \$0.0195/kwh
- The new lower price was introduced to both participants and non-participating through direct mail, bill inserts, newsletter stories and various press announcements as well as a few community events and print ads.
- We were able to drop the price for a number of reasons
- Our Blue Sky price incorporates the incremental cost of the renewable energy supply and the marketing and infrastructure expenses of offering differentiated renewable energy
- At the new price point a customer purchasing one block of Blue Sky each month means a 2 to 5 percent price increase depending on the state






Blue Sky enrollments jump

- Less than three months after lowering the price –
 - ▶ Number of customers enrolled grew by 9.2%
 - ▶ Sales of wind energy grew by about 30%
 - ▶ In Utah the numbers of customers participating increased by about 14% and renewable energy sales grew by 41%
 - ▶ The average residential customer block purchase increased by nearly 20%. Slightly higher than what we experienced with the first price reduction. (1.2 to 1.4; 1.6 to 1.9)
 - ▶ Business customer average renewable energy purchases also increased – by 12%
 - ▶ Approximately 20% of our pre-May 1 customers upgraded their enrollment





Going beyond price

- The success of a program is the result of a number of factors in addition to price - which are all important determinants of participation
 - ▶ quality of the product
 - ▶ marketing methods
 - ▶ credibility of the offer
 - ▶ ease of participating
 - Increasing appeal also means **working with partners** and make it easy for customers to understand what enrolling means
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Outreach partnering

- Partnering with environmental groups, community's and businesses is a good strategy to improve appeal
- Getting an entire community behind the drive is a great way to improve awareness and appeal
- Community campaigns – involving civic officials and environmental partners to make renewable energy purchases on behalf of the communities instead of simply relying on individuals to step up improves appeal too
- Together with our partners from the Utah Wind Power Campaign (UWPC)
 - ▶ **Salt Lake City** made the first community Blue Sky purchase
 - ▶ **City of Moab** became the nation's first Blue Sky Community - a recipient of a 2003 Green Power Leadership Award –
 - nearly 9 percent of the Moab community supports wind energy through our Blue Sky program





Partnering

- Our renewable energy partners like UWPC and Renewable Northwest Project have also helped us bring business customers on board.
- Business sign-ups have increased by 88 percent over the past 12 months. Over 300 new sign-ups.
- Endorsements from environmental organizations and government agencies help overcome skepticism of the program.
- These unique partnerships provides mutual support for customer outreach efforts - provides greater reach – and validation regarding program benefits – translating to increased credibility for our programs.



And more appeal

- Comes from our combined efforts working with businesses and government entities has benefits too - showing customers that large energy users are participating gives customers a sense of community involvement.
- In addition, reassuring participants their impact is key - we provide our customers regular updates
- Finally, we've also recently announced purchases of renewable energy on behalf of all our customers to demonstrate that we are committed to renewable energy and are acting in an environmentally responsible manner.





In summary

- Always look for ways to deliver a better product – minimizing costs without sacrificing outreach efforts
- When it comes to consumer buying decisions regarding electricity service keep in mind there is always the issue of price
- Realize the importance of community – seek community scale program enrollments
- Partner with other groups – they are community focused have extensive networks and experience with outreach and public education



In summary

- Keep existing customers satisfied – let participants know that they are helping make a difference
- The goals of a renewable energy program is to maximize the amount of renewable energy that is supported
- It's important to expand our participant base and a lower price can improve the appeal of the program

